

**Application of Wisconsin Energy Corporation for Approval to Acquire the  
Outstanding Common Stock of Integrys Energy Group, Inc.  
PSCW Docket No. 9400-YO-100**

**WEC's Response to  
Commission Staff's Tenth Data Request  
Dated: October 28, 2014**

Public Service Commission of Wisconsin  
RECEIVED: 11/07/14, 12:35:39 PM

**REQUEST NO. PSCW-10.29:**

For the proposed merger, provide a calculation of estimated total company synergy savings in non-fuel O&M expenses. Provide the estimated amounts of savings that would flow to each subsidiary of WEC and Integrys. Provide supporting workpapers, assumptions, and calculations for the estimated amounts of merger savings for each subsidiary and for the total company amount.

**RESPONSE:**

Please see the response to Request No. PSCW-10.20. Also, as noted on page 39 of Mr. Reed's testimony:

WEC plans to develop and execute specific merger integration plans over time. Merger integration plans identify the company-specific (1) opportunities to benefit from natural synergies resulting from the merger, increase efficiencies and generate specific savings, (2) costs to achieve these savings, and (3) timeframe and process for achieving the plan. The development and execution of merger integration plans is a multi-year process involving management and internal and external subject matter experts throughout the combined company. WEC is not planning any significant reductions in force or layoffs and associated near-term merger-related savings and it has not yet begun the integration process.

As such, an estimate of total company merger savings and the amounts that would flow to each subsidiary of WEC and Integrys have not yet been identified.

Mr. Reed estimates net savings of three- to five- percent of non-fuel O&M noting at pages 34 to 35 of his testimony:

I believe that if it is approved as proposed, the Transaction is likely to generate net savings in the range of three to five percent of non-fuel O&M of the combined company after a five to ten year ramp-up period relative to what non-fuel O&M for the Companies would have been absent the Transaction.

While neither the Companies nor I have conducted a detailed analysis of the potential merger synergy savings specific to the merger of WEC and Integrys, I have examined the synergy savings attributable to many other mergers. My view on the savings which might be realized from the Transaction is based on this

examination as well as my knowledge of the Companies, their past merger integration activities, and merger synergy savings generally. Below is a chart showing the non-fuel O&M savings that were, or were expected to be, achieved in other recent mergers. These savings are net of the transition-related costs to achieve them which may include various reorganization and integration costs.

**Answered by: John J. Reed**